



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

MAY 18 2011

URGENT LEGAL MATTER
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Stephen K. Havlik
BASF Corporation
Oak Ridge Parkway
P.O. Box 71
Toms River, New Jersey 08754-0071

Subj: Bill for Future Response Costs
Ciba-Geigy Superfund Site, McIntosh, Alabama
Site/Spill ID Numbers: A410 and 04B1
CERCLA ID Number: ALD001221902
Consent Decrees, Civil Action Numbers: 96-0571-CB-M (A410) and
92-0742-AH-C (04B1)
Payment of \$66,951.31

Dear Mr. Havlik:

The purpose of this letter is to request payment of outstanding Future Response Costs incurred by the United States Environmental Protection Agency (EPA) at the Ciba-Geigy Superfund Site (the Site), located in McIntosh, Alabama, pursuant to Consent Decrees (CDs), Civil Action Numbers 96-0571-CB-M (A410) and 92-0742-AH (04B1). The total Future Response Costs incurred at the Site under the CDs are \$66,951.31. Your bill has been calculated as follows:

Site ID Numbers	Dates of Bill	Amounts
A410	3/28/2010 - 3/27/2011	\$ 15,451.09
04B1	3/28/2010 - 3/27/2011	\$51,500.22
Total		\$66,951.31

The itemized Superfund Cost Recovery Package Imaging and On-Line System (SCORPIOS) Reports are enclosed. An explanation for the Indirect Cost Overview is also enclosed.



Please note that there may be other costs incurred during this period which are not yet reflected in our financial systems for this billing. Therefore, additional costs may appear in future bills for this current billing period or costs may appear in this bill from a prior billing period.

As required by Section XVI, Paragraph 52 of each CD, please remit \$66,951.31 within thirty (30) days of receipt of this letter which EPA deems to be seven (7) calendar days from the date of this letter. The check shall be made payable to the EPA Hazardous Substances Superfund and should reference the Ciba-Geigy Superfund Site and the Site/Spill ID Numbers A410 and 04B1. Please mail your payment to:

U. S. Environmental Protection Agency
Superfund Payments
Cincinnati Finance Center
P.O. Box 979076
St. Louis, Missouri 63197-9000

A copy of the check should also be sent to Ms. Paula V. Painter at the address provided below:

U. S. Environmental Protection Agency
Region 4
Superfund Enforcement and Information Management Branch
Superfund Division
Sam Nunn Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

At the time of payment, Settling Defendant shall also send notice that payment has been made to EPA by email to acctreceivable.CINWD@epa.gov. Settling Defendant shall also provide a written notice of payment to United States Department of Justice in accordance with Section XXVII of Site/Spill ID Numbers 04B1 and Section XXVI of Site/Spill ID Numbers A410 of the CDs.

Should you wish to dispute all or part of this bill, you must notify EPA of such dispute in accordance with the dispute resolution provisions contained in Section XVI, Paragraph 54 and Section XIX of each CD. However, payment of all undisputed portions of this bill is due no later than thirty (30) days from your receipt of this letter pursuant to Section XVI, Paragraph 52 of each CD.


If payment of all, or the undisputed amounts of this bill is not made within thirty (30) days, interest on the unpaid amount shall begin to accrue from the date of the bill and continue to accrue through the date of payment, in accordance with Section XVI, Paragraph 55 of each CD. Furthermore, Section XX, Paragraph 70 of each CD states that stipulated penalties may be

assessed in the amount of \$1,000.00 per day for the 1st through the 29th day after payment was due, with additional penalties accruing thereafter through the date full payment is made.

If the payment amount identified in this letter is not paid within the time required under each CD, EPA may take further collection efforts, including the referral of this debt to the United States Department of Justice for enforcement and collection. The referral will seek payment of the amount due as provided in both CDs, plus accrued interest, stipulated penalties, and enforcement costs, including attorney's fees, as appropriate.

If there are any questions regarding this bill, please contact Charles L. King, Jr., Remedial Project Manager, at 404-562-8931, or Lisa Ellis, Associate Regional Counsel, at 404-562-9541. Please note, unless otherwise advised in writing by EPA, any communications with EPA will not relieve you of your obligation to make the required timely payment as provided in this letter.

Sincerely,

 *Dorothy L. Rayfield*
Dorothy L. Rayfield, Chief
Grants, Finance and Cost Recovery Branch
Office of Policy and Management

Enclosures:

1. SCORPIOS Reports (dated May 17, 2011)
2. Indirect Cost Overview - 65 Fed. Reg. 35339 (May 30, 2000)

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Narrative Cost Summary

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

1. The United States Environmental Protection Agency has incurred at least \$10,333.81 for Regional Payroll Costs.
2. The United States Environmental Protection Agency has incurred at least \$5,117.28 for Indirect Costs.

Total Site Costs:

\$15,451.09

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Itemized Cost Summary

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

REGIONAL PAYROLL COSTS	\$10,333.81
EPA INDIRECT COSTS	\$5,117.28
Total Site Costs:	<u>\$15,451.09</u>

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Regional Payroll Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
BROWN, PAMELA S.	2010	16	2.00	108.61
STATEN, PAMELA		17	1.00	54.31
FINANCIAL SPECIALIST			<hr/> 3.00	<hr/> \$162.92
ELLIS, ELISABET M.	2010	19	4.00	295.66
ATTORNEY ADVISER		20	2.00	148.26
	2011	03	1.00	74.21
			<hr/> 7.00	<hr/> \$518.13
KING, CHARLES L., JR.	2010	13	8.00	545.43
ENVIRONMENTAL ENGINEER		14	26.00	1,782.60
		15	3.00	205.31
		16	2.00	135.65
		17	4.00	271.74
		18	5.00	338.54
		19	2.00	137.38
		20	3.00	206.50
		21	2.00	136.62
		22	9.00	618.26
		23	7.00	479.93
		24	2.00	136.11
		25	5.00	344.86
		26	3.00	206.50
		27	3.00	206.48
	2011	02	1.00	68.94
		03	4.00	276.93
		04	2.00	134.93
		05	25.00	1,657.38
		06	7.00	461.98
		07	2.00	139.06
		08	3.00	192.32
		10	2.00	139.06
		11	6.00	415.41
		12	5.00	346.16
			<hr/> 141.00	<hr/> \$9,584.08

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Regional Payroll Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
PAINTER, PAULA V.	2010	19	0.25	12.55
BATCHELOR, PAULA V.		20	0.25	12.55
ENVIRONMENTAL PROTECTION SPECIALIST			<hr/> 0.50	<hr/> \$25.10
RICHARDSON, BRENITA	2010	19	0.50	28.31
ENVIRONMENTAL PROTECTION SPECIALIST			<hr/> 0.50	<hr/> \$28.31
THOMS, SHARON	2010	15	0.25	15.27
LIFE SCIENTIST			<hr/> 0.25	<hr/> \$15.27
Total Regional Payroll Costs			<hr/> <hr/> 152.25	<hr/> <hr/> \$10,333.81

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EPA Indirect Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

<u>Fiscal Year</u>	<u>Direct Costs</u>	<u>Indirect Rate(%)</u>	<u>Indirect Costs</u>
2010	6,427.43	49.52%	3,182.84
2011	3,906.38	49.52%	1,934.44
	<u>10,333.81</u>		
Total EPA Indirect Costs			<u>\$5,117.28</u>

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EPA Indirect Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
BROWN, PAMELA S.	2010	16	108.61	49.52%	53.78
		17	54.31	49.52%	26.89
			162.92		\$80.67
ELLIS, ELISABET M.	2010	19	295.66	49.52%	146.41
		20	148.26	49.52%	73.42
			443.92		\$219.83
KING, CHARLES L., JR.	2010	13	545.43	49.52%	270.10
		14	1,782.60	49.52%	882.74
		15	205.31	49.52%	101.67
		16	135.65	49.52%	67.17
		17	271.74	49.52%	134.57
		18	338.54	49.52%	167.65
		19	137.38	49.52%	68.03
		20	206.50	49.52%	102.26
		21	136.62	49.52%	67.65
		22	618.26	49.52%	306.16
		23	479.93	49.52%	237.66
		24	136.11	49.52%	67.40
		25	344.86	49.52%	170.77
		26	206.50	49.52%	102.26
		27	206.48	49.52%	102.25
			5,751.91		\$2,848.34
PAINTER, PAULA V.	2010	19	12.55	49.52%	6.21
		20	12.55	49.52%	6.21
			25.10		\$12.42

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EPA Indirect Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
RICHARDSON, BRENITA	2010	19	28.31	49.52%	14.02
			28.31		\$14.02
THOMS, SHARON	2010	15	15.27	49.52%	7.56
			15.27		\$7.56
Total Fiscal Year 2010 Payroll Direct Costs:			6,427.43		\$3,182.84
Total Fiscal Year 2010:			6,427.43		\$3,182.84

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
ELLIS, ELISABET M.	2011	03	74.21	49.52%	36.75
			74.21		\$36.75
KING, CHARLES L., JR.	2011	02	68.94	49.52%	34.14
		03	276.93	49.52%	137.14
		04	134.93	49.52%	66.82
		05	1,657.38	49.52%	820.73
		06	461.98	49.52%	228.77
		07	139.06	49.52%	68.86
		08	192.32	49.52%	95.24
		10	139.06	49.52%	68.86
		11	415.41	49.52%	205.71

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EPA Indirect Costs

CIBA-GEIGY/MCINTOSH PLT, MCINTOSH, AL SITE ID = A4 10

Costs from March 28, 2010 through March 27, 2011

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
KING, CHARLES L., JR.	2011	12	346.16	49.52%	171.42
			3,832.17		\$1,897.69
Total Fiscal Year 2011 Payroll Direct Costs:			3,906.38		\$1,934.44
Total Fiscal Year 2011:			3,906.38		\$1,934.44
Total EPA Indirect Costs					\$5,117.28

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Narrative Cost Summary

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

1. The United States Environmental Protection Agency has incurred at least \$2,487.49 for Regional Payroll Costs.
2. The United States Environmental Protection Agency has incurred at least \$2,122.92 for Regional Travel Costs.
3. The United States Environmental Protection Agency has incurred costs of at least \$1,638.60 for OTHER EXPENDITURES contract expenditures. The total represents the amount spent under the JP MORGAN CHASE contract.
4. The United States Environmental Protection Agency has incurred costs of at least \$7,569.28 for SUPERFUND COOPERATIVE AGREEMENT (SCA) contract expenditures. The total represents the amount spent under the ADEM contract.
5. The United States Environmental Protection Agency has incurred costs of at least \$20,625.43 for TECHNICAL SERVICES AND SUPPORT contract expenditures. The total represents the amount spent under the E2, INC. contract.
6. The United States Environmental Protection Agency has incurred at least \$17,056.50 for Indirect Costs.

Total Site Costs:

\$51,500.22

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Itemized Cost Summary

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

REGIONAL PAYROLL COSTS	\$2,487.49
REGIONAL TRAVEL COSTS	\$2,122.92
OTHER EXPENDITURES	
JP MORGAN CHASE (B1BK0000181)	\$1,638.60
SUPERFUND COOPERATIVE AGREEMENT (SCA)	
ADEM (V95444609)	\$7,569.28
TECHNICAL SERVICES AND SUPPORT	
E2, INC. (GSF0309N)	\$20,625.43
EPA INDIRECT COSTS	\$17,056.50
Total Site Costs:	<u>\$51,500.22</u>

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Regional Payroll Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
BROWN, PAMELA S.	2010	16	2.00	108.61
STATEN, PAMELA		17	1.25	67.89
FINANCIAL SPECIALIST				
			<u>3.25</u>	<u>\$176.50</u>
KING, CHARLES L., JR.	2011	09	29.00	2,003.58
ENVIRONMENTAL ENGINEER				
			<u>29.00</u>	<u>\$2,003.58</u>
MILLER, ANGELA R.	2011	09	3.00	169.81
LEACH, ANGELA R.		11	2.00	112.50
PUBLIC AFFAIRS SPECIALIST				
			<u>5.00</u>	<u>\$282.31</u>
PAINTER, PAULA V.	2010	19	0.25	12.55
BATCHELOR, PAULA V.		20	0.25	12.55
ENVIRONMENTAL PROTECTION SPECIALIST				
			<u>0.50</u>	<u>\$25.10</u>
Total Regional Payroll Costs			<u><u>37.75</u></u>	<u><u>\$2,487.49</u></u>

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Headquarters Payroll Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
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Regional Travel Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

<u>Traveler/Vendor Name</u>	<u>Travel Number</u>	<u>Treasury Schedule</u>	<u>Treasury Schedule Date</u>	<u>Travel Costs</u>
KING, CHARLES L., JR.	0QEGOR	ACHA10133	05/17/2010	567.87
ENVIRONMENTAL ENGINEER	0R7ENT	ACHA10347	12/15/2010	777.70
	0RBG8X	ACHA11069	03/14/2011	777.35
				<hr/> \$2,122.92
Total Regional Travel Costs				<hr/> <hr/> \$2,122.92

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

OTHER EXPENDITURES

Contractor Name: JP MORGAN CHASE
EPA Contract Number: B1BK0000181
Project Officer(s): ANGELA R MILLER
Dates of Service: From: 02/22/2011 To: 02/22/2011
Summary of Service: MOBILE REGISTER
Total Costs: \$1,638.60

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
1303681	02/22/2011	205,870.96	ACHC11054 02/25/2011	1,638.60
			Total:	<u>\$1,638.60</u>

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

SUPERFUND COOPERATIVE AGREEMENT (SCA)

State Agency: ADEM

SCA Number: V95444609

Project Officer(s): Chinwe Ozulumba

Dates of Service: From: 10/01/2009 To: 09/30/2011

Summary of Service:

Total Costs: \$7,569.28

Drawdown Number	Drawdown Date	Drawdown Amount	Treasury Schedule Number and Date	Site Amount
636000619AV	04/15/2010	13,588.22	3310SV165 04/15/2010	424.85
636000619AV	07/12/2010	123,223.39	01950130372 07/12/2010	3,071.24
636000619AV	10/12/2010	106,066.16	12860130372 10/12/2010	4,073.19
			Total:	<u>\$7,569.28</u>

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

TECHNICAL SERVICES AND SUPPORT

Contractor Name: E2, INC.

EPA Contract Number: GSF0309N

Delivery Order Information	<u>DO #</u>	<u>Start Date</u>	<u>End Date</u>
	15	11/01/2010	01/31/2011

Project Officer(s): AVVISATO, FRANK

Dates of Service: From: 11/01/2010 To: 01/31/2011

Summary of Service: TECHNICAL SERVICES AND SUPPORT

Total Costs: \$20,625.43

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number</u>	<u>and Date</u>	<u>Site Amount</u>
677-031	12/17/2010	152,735.87	R1309	01/11/2011	4,125.09
677-033	02/18/2011	276,882.12	R1537	03/16/2011	16,500.34
Total:					<u><u>\$20,625.43</u></u>

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EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

<u>Fiscal Year</u>	<u>Direct Costs</u>	<u>Indirect Rate(%)</u>	<u>Indirect Costs</u>
2010	4,265.56	49.52%	2,112.29
2011	30,178.16	49.52%	14,944.21
	<u>34,443.72</u>		
Total EPA Indirect Costs			<u>\$17,056.50</u>

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EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
BROWN, PAMELA S.	2010	16	108.61	49.52%	53.78
		17	67.89	49.52%	33.62
			176.50		\$87.40
PAINTER, PAULA V.	2010	19	12.55	49.52%	6.21
		20	12.55	49.52%	6.21
			25.10		\$12.42
Total Fiscal Year 2010 Payroll Direct Costs:			201.60		\$99.82

TRAVEL DIRECT COSTS

<u>Traveler/Vendor Name</u>	<u>Travel Number</u>	<u>Treasury Schedule Date</u>	<u>Travel Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
KING, CHARLES L., JR.	0QEGOR	05/17/2010	567.87	49.52%	281.20
			567.87		\$281.20
Total Fiscal Year 2010 Travel Direct Costs:			567.87		\$281.20

OTHER DIRECT COSTS

<u>Contract, IAG, SCA, Misc.NO</u>	<u>Voucher Number</u>	<u>Treasury Schedule Date</u>	<u>Site Amount</u>	<u>Annual/SMO Allocation Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
V95444609	636000619AV	04/15/2010	424.85	0.00	49.52%	210.39

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EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2010 through March 27, 2011

OTHER DIRECT COSTS

Contract, IAG, SCA, Misc.NO	Voucher Number	Treasury Schedule Date	Site Amount	Annual/SMO Allocation Costs	Ind. Rate (%)	Indirect Costs
V95444609	636000619AV	07/12/2010	3,071.24	0.00	49.52%	1,520.88
			3,496.09	0.00		\$1,731.27
Total Fiscal Year 2010 Other Direct Costs:			3,496.09	0.00		\$1,731.27
Total Fiscal Year 2010:			4,265.56			\$2,112.29

PAYROLL DIRECT COSTS

Employee Name	Fiscal Year	Pay Period	Payroll Costs	Ind. Rate (%)	Indirect Costs
KING, CHARLES L., JR.	2011	09	2,003.58	49.52%	992.17
			2,003.58		\$992.17
MILLER, ANGELA R.	2011	09	169.81	49.52%	84.09
		11	112.50	49.52%	55.71
			282.31		\$139.80
Total Fiscal Year 2011 Payroll Direct Costs:			2,285.89		\$1,131.97

TRAVEL DIRECT COSTS

Traveler/Vendor Name	Travel Number	Treasury Schedule Date	Travel Costs	Ind. Rate (%)	Indirect Costs
KING, CHARLES L., JR.	0R7ENT	12/15/2010	777.70	49.52%	385.12
	0RBG8X	03/14/2011	777.35	49.52%	384.94
			1,555.05		\$770.06
Total Fiscal Year 2011 Travel Direct Costs:			1,555.05		\$770.06

comments should be received in the SAB Staff Office at least one week prior to the meeting date so that the comments may be made available to the committee for their consideration. Comments should be supplied to the appropriate DFO at the address/contact information noted above in the following formats: one hard copy with original signature, and one electronic copy via e-mail (acceptable file format: WordPerfect, Word, or Rich Text files (in IBM-PC/Windows 95/98 format). Those providing written comments and who attend the meeting are also asked to bring 35 copies of their comments for public distribution.

Meeting Access

Individuals requiring special accommodation at this meeting, including wheelchair access to the conference room, should contact the DFO at least five business days prior to the meeting so that appropriate arrangements can be made.

Dated: May 26, 2000.

Donald G. Barnes,

Staff Director, Science Advisory Board.

[FR Doc. 00-13847 Filed 6-1-00; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

(FRL-6708-8)

Guidance on Exercising CERCLA Enforcement Discretion in Anticipation of Full Cost Accounting Consistent With the "Statement of Federal Financial Accounting Standards No. 4"

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The EPA Office of Enforcement and Compliance Assurance, Office of Site Remediation Enforcement is providing guidance to its regional components on the exercise of enforcement discretion, from May 30, 2000 through October 2, 2000, in anticipation of EPA's implementation of full cost accounting.

Attachments 1 and 2 were prepared by the Office of the Chief Financial Officer. They describe the reasons for full cost accounting and the methodology being used to implement full cost accounting.

EFFECTIVE DATE: May 30, 2000.

FOR FURTHER INFORMATION CONTACT: Chad Littleton, Office of Enforcement and Compliance Assurance, Office of Site Remediation Enforcement, U.S. EPA, 1200 Pennsylvania Ave., NW,

Washington, DC 20460 (MC 2273A); e-mail: littleton.chad@epa.gov; phone: (202) 564-6064.

SUPPLEMENTARY INFORMATION:

Memorandum

Subject: Guidance on Exercising CERCLA Enforcement Discretion In Anticipation of Full Cost Accounting Consistent with the *Statement of Federal Financial Accounting Standards No. 4*

From: Steven A. Herman, Assistant Administrator, Office of Enforcement and Compliance Assurance

To:

Regional Administrators, Regions I-X
Deputy Regional Administrators, Regions I-X
Regional Counsel, Regions I-X
Superfund Division Directors, Regions I-X

This memorandum provides guidance to EPA personnel on how to exercise enforcement discretion as it relates to upcoming changes in EPA's indirect cost accounting methodology.

A. Upcoming Revisions to Indirect Cost Accounting

EPA's Office of the Chief Financial Officer (OCFO) recently announced that it is revising the Agency's methodology for allocating indirect costs to Superfund sites. These steps will bring Superfund into compliance with cost accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) on July 31, 1995, (*Statement of Federal Financial Accounting Standards No. 4* (SFFAS No. 4)).¹ The principal goal of those standards is to make it possible for Federal agencies to determine and report the true costs of their programs and activities. The Federal Financial Management Improvement Act of 1996 (Title VIII, Public Law 104-208)² requires all Federal agencies to develop and use cost accounting methodologies that are consistent with the SFFAS No. 4 and other applicable standards.³

¹ Available as SFFAS 4 at www.financenet.gov/financenet/fed/fasab/concepts.htm.

² Available from the 104th Congress catalog at www.access.gpo.gov/nara/publaw/104publ.html.

³ "(5) To rebuild the accountability and credibility of the Federal Government, and restore public confidence in the Federal Government, agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government."

(6) Since its establishment in October 1990, the Federal Accounting Standards Advisory Board

A copy of the OCFO memorandum announcing and describing EPA's implementation of an accounting methodology complying with the SFFAS No. 4 is attached for your reference (Attachment 1). That memorandum describes important background events and EPA's approach to implementing the revised methodology, defines many important accounting terms as they apply to EPA, lists preliminary estimated regional indirect rates based on the revised methodology, and states that OCFO will calculate actual indirect costs rates using the revised methodology (hereinafter "revised rates" or "revised indirect rates") for all fiscal years after 1989. The OCFO expects the revised rates to be completed and issued by October 2, 2000, at which time EPA will begin using the revised rates.

B. The Revised Rates and Superfund Site Costs

As described more fully in the attached OCFO memorandum, direct costs are costs an organization incurs when it produces a specific result. Most of the other costs of running the organization are indirect costs. EPA's current indirect cost accounting methodology allocates to Superfund sites only about one-third of the indirect costs that are incurred by EPA and properly allocable to sites. SFFAS No. 4 requires "full cost accounting," which means that Superfund indirect costs must be allocated to sites. For that reason, implementing an indirect cost methodology based on SFFAS No. 4 will increase the aggregate amount of indirect costs allocated to sites.

The effect of applying the revised rates will vary from site to site because the SFFAS-compliant methodology and the current methodology use different techniques for allocating indirect costs to individual sites. The SFFAS-compliant methodology allocates

(hereinafter referred to as the "FASAB") has made substantial progress toward developing and recommending a comprehensive set of accounting concepts and standards for the Federal Government. When the accounting concepts and standards developed by FASAB are incorporated into Federal financial management systems, agencies will be able to provide cost and financial information that will assist the Congress and financial managers to evaluate the cost and performance of Federal programs and activities, and will therefore provide important information that has been lacking, but is needed for improved decision making by financial managers and the Congress." (*Public Law 104-208, 110 STAT 3009-389-390*).

"Each agency shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level." (*Id.*)

indirect costs in proportion to direct costs, whereas the current methodology uses the number of Superfund staff hours charged to a site. As a result, sites with large direct Federal expenditures compared to the number of Superfund staff hours will generally see the largest indirect cost increases, and few if any decreases. Sites with smaller Federal expenditures compared to the number of Superfund staff hours, such as sites cleaned up by potentially responsible parties (PRPs) where EPA's costs are largely for oversight performed by EPA staff, will generally see smaller indirect cost increases, and are also more likely to see decreases.

C. Enforcement Discretion as It Relates to the Revised Indirect Rates

As noted above, the OCFO expects the revised rates to be available on October 2, 2000, and will begin using them as soon as they are issued. In general this means that after October 2, 2000, site costs, including oversight costs, will be calculated using the revised rates. The following sections address areas of particular enforcement interest and describe how the Agency intends to exercise its enforcement discretion in individual cases to provide a fair and efficient transition to the revised accounting methodology.

1. Concluded Matters

EPA has previously settled or litigated numerous claims for past response costs. The costs EPA sought in those cases included indirect costs based on the current rates. EPA recognizes the importance of repose and finality in those cases and therefore the Agency has no plans to re-open any concluded matters to apply the revised rates to claims for past costs that were presented and resolved in those matters. This includes consent decrees, litigated judgments and administrative orders on consent. It also includes ceilings established in settlements and judgments for oversight or other response costs that the Agency can bill to PRPs under those existing settlements or judgments.

2. Oversight Billings

The Agency has no plans to recompute oversight bills that were prepared and sent to PRPs before the revised rates are issued.

3. Claims in Litigation Prior to October 2, 2000

When EPA issues the revised indirect rates there will be a number of cost recovery cases pending in Federal courts. The past costs EPA is seeking in those cases will have been calculated

using the current indirect rates. There may be special circumstances in those cases, especially if the litigation is at an advanced stage, that cause the case team to decide not to seek to amend the claim by applying the revised indirect rates. An example might be certain cases in which costs have already been presented to the court and the parties are awaiting the court's decision. These decisions will be made by the EPA/Department of Justice (DOJ) case team on a case-by-case basis. This approach is intended to be consistent with prior practice (See, Policy on Recovering Indirect Costs in CERCLA Section 107 Cost Recovery Actions, OSWER Directive 9832.5, June 27, 1986) (superseded by this guidance).

4. Interim Settlement Policy in Anticipation of the Revised Rates

This memorandum gives advance notice of the revised rates. One purpose of the advance notice is to provide PRPs who have unresolved cost recovery liabilities an opportunity to settle with the United States at the current rates. For sites where the revised rates would result in higher indirect costs, it may be advantageous for the PRPs to settle with the United States under the current rates. Therefore, until the revised rates are issued, which the OCFO expects to occur on October 2, 2000, the Agency will entertain settlement offers resolving the claims of the United States for CERCLA response costs based on the current indirect rates.

Generally, the Agency will consider a settlement offer based on site costs computed using the current indirect cost rates, if: (1) The offer is made prior to October 1, 2000; (2) the Agency determines, in its sole discretion, that there is sufficient information available on which to base a settlement decision; and (3) it appears to the Agency that the offer is likely to lead to an executed final settlement by March 30, 2001. For cases in litigation or that have been referred to DOJ, the DOJ/EPA case teams will determine the appropriate response to any settlement offer. For all other matters, regional case teams will determine the appropriate response to any settlement offer. Case teams may set alternative milestone dates for any individual PRP or site, if appropriate, based on PRP-specific or site-specific circumstances after consultation with the Regional Support Division (RSD) in the Office of Site Remediation Enforcement (OSRE).

After such an offer has been received, if settlement negotiations are unproductive or it becomes evident that the applicable milestone dates have not been met, or are not likely to be met, the

Agency may, at its sole discretion, withdraw the opportunity to enter a settlement based on the current rates.

D. Proving Indirect Costs

Implementing the SFFAS accounting methodology will not alter the burden of proof that the Agency must meet when seeking recovery of indirect costs. EPA will continue to provide evidence acceptable in a court of law to prove that the indirect costs sought are allocable to the site that is the subject of the enforcement action.

E. National Consistency/Coordination

Except for the specific transition related adjustments noted above, existing policy and guidance applicable to considering or accepting settlement offers is unchanged. Implementing the revised indirect rates will not affect the discretion of the Agency or DOJ to settle or compromise cost recovery claims, including those cases where costs are based on the revised rates. Litigation risk, equitable considerations, and other factors that are considered in determining whether to settle or compromise claims may still be taken into account. As always, EPA will exercise its discretion to ensure that any resulting settlements are fair, reasonable, and consistent with CERCLA.

When EPA begins using the revised rates, we expect that the Agency will face questions about matters associated with the transition to the revised rates. EPA has a substantial interest in promoting a nationally consistent approach during this transition period. Therefore, I have asked the RSD to monitor EPA's implementation of the revised indirect rates. I also ask each regional office to designate a point of contact to assist RSD in our effort to quickly resolve key questions about EPA's use of the revised rates, and to promote national consistency among the regional offices. Please send the name and telephone number of your workgroup member to Maria Cintron-Silva, RSD, no later than three weeks after the date of this memorandum. Workgroup contacts will be expected to provide information regarding each of the offers received and their dispositions. For questions about this memorandum and OECA's implementation of the revised rates, please contact Chad Littleton, in the Office of Site Remediation Enforcement, at 202-564-6064.

Attachments

Dated: May 26, 2000.

Steven A. Herman,

Assistant Administrator, Office of
Enforcement and Compliance Assurance.

Memorandum

Subject: Accounting for Indirect Costs
Associated with Superfund Site-
Specific Activities

From: Joseph Dillon, Acting Comptroller
(2731)

To: Senior Resource Officials

This Policy Announcement provides the policies and procedures for implementing Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Standards for the Federal Government, for the Superfund Site Cleanup Program by providing a revised indirect cost methodology. This methodology along with existing policies and procedures regarding direct costs results in accounting for the "full costs" of actions taken at or in connection with Superfund Sites.

Background

The Office of Management and Budget (OMB) issued SFFAS No. 4 on July 31, 1995, with an effective date of October 1, 1997. SFFAS No. 4 requires federal agencies to determine the full cost of their outputs (programs). The full cost of programs includes both those costs specifically identifiable with each particular program, or direct costs, and those costs which collectively support the many programs, or indirect costs.

Since 1985, EPA has been identifying the indirect costs associated with Superfund site-specific activities for all fiscal years after 1982. However, the indirect cost methodology developed at that time was conservative and did not result in allocating all indirect costs to sites. As a result, the General Accounting Office, the EPA Office of Inspector General, OMB and Congress have repeatedly criticized EPA's methodology. The Office of the Chief Financial Officer (OCFO) has developed an indirect cost methodology to compute indirect cost rates for Superfund site-specific activities in accordance with SFFAS No. 4. By incorporating the resulting indirect cost rates into their analyses, Superfund Managers will be able to compute the full cost of their program.

Policy and Procedures

The OCFO has developed a Superfund indirect cost methodology based upon full cost accounting concepts. Using that new methodology, OCFO is presently calculating and will

issue indirect cost rates based upon the full cost accounting methodology ("revised rates"). The OCFO will issue revised rates for each Fiscal Year, by Region beginning with FY 1990. The revised rates will be issued after the date of this Policy Announcement and are expected to be completed and issued by October 2, 2000. Once the revised rates are issued, Superfund managers should use the revised rates to determine the full cost of Superfund site specific activities. In the meantime, EPA Superfund program managers may use the preliminary, estimated indirect cost rates identified in Attachment 1 as the basis for estimating the full cost of Superfund site-specific activities.

Beginning with FY 2001, the Agency will no longer compute nor issue, as provisional or final, indirect cost rates based upon the earlier Ernst & Whinney methodology.

A brief description of the full cost methodology is as follows: EPA's annual costs are analyzed to determine whether the costs represent general Agency or Regional support activities, program support activities, or program direct costs. Those general Agency support activities and the Superfund program support activities are included in calculations that allocate these costs to programs and produce a Superfund indirect cost pool for each region. Each Region's indirect cost pool, including appropriate Regional support costs, is divided by the Region's direct costs incurred for site-specific activities to determine the Region's indirect cost rate for the fiscal year, which is expressed as a percentage of direct site costs. The Region's indirect cost rate is multiplied against the direct costs incurred for a particular Superfund site to determine the amount of indirect costs that will be allocated to that site. By adding the direct site costs and the indirect costs allocated to a particular site, or group of sites, the total cost for that site or group of sites is determined.

For a more detailed description of the Superfund Indirect Cost Rate Methodology, please refer to Attachment 1.

Effective Date

OCFO expects to complete and issue the new Superfund Full Indirect Cost Rates by October 2, 2000, at which time they will be effective for all accounting purposes.

Additional Information

If you need further information on this Policy Announcement, please contact Charles Young of the Program and Cost Accounting Branch, Financial

Management Division at (202) 564-4914.

Attachment 2

Superfund Full Cost Indirect Cost Rate Methodology

Background

OMB, the Secretary of the Treasury and the Comptroller General established the Federal Accounting Standards Advisory Board (FASAB) in October 1990 to set Federal Government Accounting Standards. In September 1993, the Vice President in his report on the National Performance Review recommended an action which required the FASAB to issue a set of cost accounting standards for all federal agencies. FASAB issued the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government on July 31, 1995, which became effective for EPA on October 1, 1997. Title VIII of the Federal Financial Management Improvement Act of 1996 (Title VIII, Public Law 104-208) requires federal agencies to comply with the Federal Financial Accounting Standards and emphasizes that agencies' systems must report the total costs of programs and activities. EPA will comply with this requirement for all the Agency's programs, based on specific needs of each program and applicable accounting requirements. The methodology described in this Policy Announcement applies to EPA's Superfund site-specific activities as set forth below.

SFFAS No. 4 sets forth five fundamental elements of managerial cost accounting to provide information on the cost of federal programs. One of those elements is to determine the full cost of government goods and services. According to the Standard, full cost includes both direct and indirect costs. Direct costs are defined as "costs that can be specifically identified with an output." Indirect costs are costs that are common to multiple outputs but cannot be specifically identified with any particular output. In the context of the Superfund program, direct costs include those that are directly incurred by the United States for site-specific activities performed at or in connection with a particular site or a particular group of sites. Site-specific activities include the assessment, investigation and clean-up of a site, ancillary site-associated activities, and related enforcement actions. Indirect costs are those that support the Superfund program as a whole and cannot be identified to any one site or other "output" of the

program. The government's full cost at a Superfund site consists of the direct costs incurred for site-specific activities and the proportionate share of all the costs that provide indirect support to the site.

In 1985, EPA, with the assistance of the accounting firm Ernst & Whinney, developed an indirect rate methodology for determining the government's cost of site-specific activities under CERCLA. The indirect rates developed were conservative. As a result of the conservative methodology, a substantial portion of the indirect cost pool was not allocated to individual Superfund sites, even though site-specific activities are the direct output that the indirect costs support. As a result, the General Accounting Office (GAO), the EPA Office of Inspector General (OIG), OMB and Congress have repeatedly criticized the methodology for failing to identify the full cost of Superfund site clean-ups and therefore failing to allow potential recovery of all indirect costs. The OIG considered this method of recovering less than full overhead costs as a Federal Manager Financial Integrity Act (FMFIA) "material weakness" and suggested the Agency identify it as such.

EPA has revised the Superfund indirect cost methodology to enable the Agency to report the full cost of the program in compliance with SFFAS No. 4 and with other federal mandates requiring the reporting of cost information. During the preparation of the revised methodology, EPA sought separate independent reviews of the methodology by both GAO and the national accounting firm KPMG. KPMG found the revised methodology in compliance with SFFAS No. 4, as well as "easier to understand, more thorough and more complete than the previous methodology." GAO reviewed the revised methodology and found "that the design of EPA's proposed Superfund indirect cost methodology complies with cost accounting standards for federal government" as well as the requirements of SFFAS No. 4.

Approach

EPA's approach to developing a full cost indirect cost methodology for Superfund is based on the guidance provided by SFFAS No. 4. In addition, certain other factors are also taken into account. These include the nature and classification of Agency costs, private sector cost accounting practices and the cost/benefit of obtaining the data necessary to compute indirect cost rates. Indirect cost rates will be developed for each region and each Fiscal Year beginning with FY 1990. We are beginning with FY 1990 because active

Superfund sites have costs incurred in prior years generally no earlier than FY 1990, with limited exceptions. Thus, computing full cost indirect rates back to FY 1990 will allow Superfund managers to determine the full cost of site-specific activities for nearly all active sites, while going back before FY 1990 would be of primarily historic interest. Therefore, we consider it most cost effective to compute rates no further back than 1990; if managers need indirect cost information for years prior to 1990, the rates computed using the current methodology may be used for those earlier years. Use of the revised indirect cost rates will provide Superfund managers, other EPA management and Congress with the full cost of Superfund site-specific activities.

The current Superfund indirect cost methodology uses indirect rates which are expressed as a rate per hour of labor effort. This rate is computed using a base consisting of all labor hours (including both site and non-site labor), but is applied to only site labor hours. This results in an under-allocation of indirect costs. This approach, although acceptable from an accounting standpoint, is conservative in its allocation of indirect costs to individual sites and led to the criticisms noted above. The principal conceptual change the Agency will make as it moves to full cost accounting in compliance with SFFAS No. 4 with respect to Superfund site-specific activities, is to ensure that indirect costs that support site clean-up are fully allocated to site charges. In order to do so, EPA will allocate the appropriate indirect cost pool using total direct site costs as an allocation base. This will result in indirect cost rates expressed as a percentage of total direct site costs rather than a dollar rate per hour as is the current method. The change in the allocation base is the most important difference between the full cost accounting methodology and the prior methodology, with only minor changes to the indirect cost pool (further described below). The indirect cost pool identified for calculation of the new indirect cost rate will reflect only those costs which are appropriately allocable to and support the Superfund site-specific activities.

In determining the indirect costs associated with the Superfund program, certain costs funded from non-Superfund appropriations are included as indirect costs because they provide services that benefit the Superfund program and are necessary to reflect full cost. SFFAS No. 4 states that one of the components of full cost is the "cost of support services provided by other responsibility segments * * * and by

other reporting entities." We include other appropriations because our approach determines the allocability of indirect costs according to the organizational unit that provides the support services regardless of which appropriation has been charged with the costs. We begin with the total costs of organizational units and then allocate these costs to all units receiving support services.

Not all appropriations, however, are included as indirect costs. For example, charges under the Oil Spill appropriation are not included. Oil Spill disbursements support only the Oil Spill program and should not be allocated to other programs. State and Tribal Assistance Grants appropriations are also excluded. These are grants to states, local and tribal governments which fund a variety of environmental programs and infrastructure projects pertaining to water quality initiatives. Funding under the Science and Technology appropriation is excluded. These funds support research and development initiatives. The treatment of research and development costs is discussed under the section on direct costs. The programs funded by the appropriations listed above are considered to be separate from Superfund and have their own outputs. These appropriations do not include any indirect costs that are allocable to the Superfund program.

As explained below under Exclusions from the Pool, costs associated with certain organizational units are also removed from the indirect cost pool depending on their relationship to the Superfund program.

The concept of full cost, according to the Standard, also requires that inter-entity costs or the costs of services received from other entities be recognized. Costs of employee benefits funded by the Office of Personnel Management (OPM) are considered inter-entity costs and will be included as indirect costs. Because methodologies to estimate the costs of services received from federal agencies other than OPM are still under development, these costs are not included in the indirect cost pool at this time.

The methodology for determining indirect costs allocable to Superfund site-specific activities is patterned after private sector models that group costs according to levels of organization and benefit. Indirect costs are classified hierarchically. At the highest level are Agency-wide costs, i.e., national costs which benefit all organizations. Examples of these are facilities management, budget functions, human resource management, and OPM inter-

entity costs. The next level incorporates regional costs which benefit each of the Agency's ten regions. These are general costs which are essentially counterparts of national costs but benefit regions only. Examples include the costs of regional administration, support, and policy and planning functions. Superfund program management costs comprise the next two levels. These are the support costs incurred at both headquarters and regions to implement Superfund site-specific activities. Costs from each of these four levels form the basis of the indirect cost pool. The final product—separate indirect cost rates for each of EPA's ten regions—will be expressed as a percentage of direct (site-specific) costs for each region.

Direct Costs

In determining the direct costs of the Superfund program, we use SFFAS No. 4's definition of direct costs. However, the direct costs of the Superfund program as a whole, are not necessarily synonymous with the direct costs of Superfund site-specific activities. Superfund site-specific activity is one component of the Superfund program.

Site-Specific Costs

The major component of Superfund direct costs is the costs of site-specific activities, *i.e.* the cost of all activities that go toward the assessment, investigation and actual clean up of a site, related enforcement actions, and other site-associated activities. Examples include, but are not limited to, the costs of salaries and benefits of employees who work directly at the site or provide other site-related effort, contractor costs of removal or remedial activities, and analytical work performed for the site.

Certain other Superfund-related costs are also considered direct costs, although they may or may not be associated with site-specific activities. These costs are described in the next several paragraphs.

ZZ Costs

"ZZ" costs are expenses incurred for site work before a site is established as a Superfund site and assigned a site-specific identifier. If a site-specific identifier is established, the ZZ costs incurred in connection with the site are reclassified to that site-specific identifier. If reclassified, they become part of direct site-specific costs, but for purposes of the indirect rate calculation, ZZ costs are classified as direct costs even if not reclassified.

R&D Costs

Research and Development (R&D) costs are treated as direct costs. All costs incurred within the Office of Research and Development, a separate and distinct organizational unit within the Agency, are excluded from the indirect cost pool. Research and Development costs are considered to be directly incurred for production of R&D outputs. Superfund-related research and development costs are mainly related to the Superfund Innovative Technology (SITE) program. This program evaluates the application of emerging remediation technologies.

NIEHS Costs

Costs associated with the National Institute of Environmental Health Sciences (NIEHS) interagency agreement (IAG) are treated as direct costs. This indirect cost methodology is designed to determine the indirect costs that support Superfund site-specific activities. Therefore NIEHS costs are excluded in their entirety from the indirect cost pool.

OSWER Immediate Office Program Area Costs

Costs associated with certain offices within the Office of Solid Waste and Emergency Response (OSWER) Immediate Office are treated as direct costs. Although these costs are related to the Superfund program and are direct costs of the functions they perform, they are not allocable to Superfund site-specific activities and so are not included in the indirect cost pool for site-specific response costs. For example, the Chemical Emergency Preparedness and Prevention Office (CEPPO), which reports directly to the OSWER Assistant Administrator, implements Agency-wide chemical emergency preparedness and prevention programs. The costs connected with Federal Facilities activities, whether within OSWER or OECA, as well as the costs of activities associated with Brownfields and the Emergency Planning and Community Right-to-know Act, are also considered direct and thus excluded from the indirect cost pool.

Indirect Cost Pool

The indirect cost pool consists of all costs classified as indirect for all appropriations that fund administrative, management and support functions. The pool includes Superfund non-site-specific costs that provide support to Superfund site-specific activities and the other direct Superfund activities. The indirect cost pool includes the non-site portion of: Personnel compensation and benefits, travel, rent,

communications, utilities, contracted services, materials and supplies costs. Depreciation and inter-entity costs are also included. The major organizational units contributing costs to the indirect cost pool are described below.

EPA headquarters organizations providing services on an Agency-wide or national basis include the Office of the Administrator, the Office of Administration and Resources Management (human resources, procurement, facilities), the Office of the Chief Financial Officer (Comptroller, budget, finance), the Office of Information Resources Management, the Office of Policy, Planning and Evaluation, the Office of the Inspector General and the Office of General Counsel. The ten EPA regional offices have corporate structures similar in function to those of headquarters. Each region has a regional administrator's office and offices providing general regional support services such as personnel, finance, policy and information management. Costs for these organizations comprise regional indirect costs.

Management and support costs associated with carrying out the Superfund program are another component of the indirect cost pool. These costs are incurred at both headquarters and the regions. At the headquarters level, these are the program management and support costs incurred by the Office of Solid Waste and Emergency Response (OSWER) and by the Office of Enforcement and Compliance Assurance (OECA). At the regional level, Superfund program management costs incurred by regional program divisions in support of Superfund site-specific activities are included in the indirect cost pool. Any of the offices noted above may also have Superfund site-specific charges. Those site-specific charges are subtracted from the total cost of the organization during the indirect cost computation.

The Superfund indirect cost pool, that is, the pool of indirect costs which is ultimately allocable to Superfund sites, will consist of proportionate amounts of Agency-wide, regional and program-related costs. In other words, the Superfund indirect cost pool will be comprised of only the portion of Agency-wide, regional and program-related costs which supports Superfund sites, with the remaining costs supporting all other Agency programs.

Exclusions From the Pool

Superfund non-site specific contractor costs, such as program management, that are distributed through the annual allocation process are excluded from the

indirect cost pool. Annual allocation is the process by which response action contractor non-site support costs are allocated to sites on which the contractor worked. The site-allocable portion of these contracts is removed from the pool because it is allocated to individual sites under a separate process and is treated as a portion of direct site-specific costs incurred by EPA.

Costs of organizational units that provide no direct or indirect support to Superfund are excluded. Examples include the Office of International Activities and certain organizations within the Office of the Administrator, such as the Science Advisory Board and the Office of Administrative Law Judges.

Indirect Cost Base

To properly distribute costs, the indirect cost base must reflect the services provided to each organizational recipient and finally, to the Superfund sites themselves. There are several intermediate allocations of costs, as described below, which use appropriate allocation bases. The choice of allocation base depends on the type of cost to be allocated.

Agency-wide or national indirect costs, also referred to as general and administrative (G&A) costs, are allocated using one of two allocation bases. Facilities, human resources and OPM inter-entity costs are allocated to all EPA organizations based on personnel compensation and benefits (PC&B) costs. The rationale for using PC&B costs as the allocation statistic is that these indirect costs are purely workforce-related and would not otherwise be incurred. Costs associated with other organizations providing Agency-wide benefits, such as procurement, budget, finance, information management, policy, planning, general counsel and inspector general, are distributed across the entire Agency based on total Agency costs. Depreciation will be allocated to all EPA organizations using appropriate cost accounting principles. We are in the process of gathering these costs and determining the appropriate allocation base. Depreciation costs will be incorporated into the rates as soon as possible.

The next level of indirect costs is regional costs which provide general and administrative support similar to that provided at the Agency-wide level. Regional G&A cost pools, including each region's share of national G&A, personnel and facilities costs, depreciation and inter-entity costs are distributed across the entire region based on total regional costs. This is

similar to the distribution of Agency-wide support costs across total Agency costs.

Headquarters program management and support costs incurred by OSWER and OECA must be allocated to program areas within each office of an EPA Assistant Administrator and to the regions. Program areas are designated by sub-organization or by funding vehicle such as interagency agreements which fund a particular type of activity. The allocation of headquarters program management and support costs is based on the total costs associated with each program area and region. The headquarters allocation base includes administrative and program costs from appropriations other than Superfund and Superfund site-specific and non-site-specific costs. The regional allocation base consists of regional site charges made within each office of an EPA Assistant Administrator.

The final Superfund indirect cost pool is allocated using Superfund site charges. These site charges include both headquarters and regional site charges, ZZ charges, site charges made under the Department of Justice (DOJ), Corps of Engineers, Bureau of Reclamation, etc., interagency agreements and the Superfund response contract program management costs that are allocated to sites in a separate process. EPA charges arising from mixed funding settlements are direct site costs and are also included in the indirect cost base. The charges for the Agency for Toxic Substances and Disease Registry (ATSDR) are not included in the indirect cost base because their funding mechanism—a "transfer allocation"—does not result in a charge to EPA's accounting system. Again, instead of a rate per hour as in the current methodology, the indirect cost rate will be expressed as a percentage of direct (site) costs.

Computation of Indirect Cost Rates

Data used for the indirect cost computations are obtained from the Agency's Integrated Financial Management System.

The indirect cost pool supporting Superfund site-specific activities in each region for a given fiscal year consists of proportionate shares of the following: program management and support costs incurred by relevant units of EPA headquarters (including their share of nationwide G&A); the region's G&A; and the region's non-site Superfund costs.

The computation of the indirect cost rates consists of nine steps. A detailed document more fully describing the accounting methodology employed will

be released with the calculated rates by region by fiscal year. That document will contain a detailed description of each of the nine steps. Briefly, steps 1 and 2 compute the nationwide G&A rate and step 3 computes the regional G&A rates. Steps 4 through 9 perform various allocations and refinements of costs ensuring that the regional Superfund cost pools, which are summarized in step 9, reflect only costs by region associated with Superfund site-specific activities.

Estimated Indirect Rates by Region

As noted above, the revised indirect cost rate methodology will for the first time provide information on the full costs of the outputs of Superfund site-specific activities. The process of computing rates using the full cost methodology is ongoing. As noted above, the revised rates by region by fiscal year will not be issued for several months. In the meantime, we are providing an approximation of the rates that can be used as a means to estimate the full cost of Superfund site-specific activities. These rates are based on the average of preliminary computed rates for fiscal years 1994, 1997 and 1998. It should be noted that rates for any given region may vary considerably from year to year; therefore, the final calculated rates may differ from the estimated average rates listed below.

*Estimated Rates**

(Subject to Change)

Region 1—	30.0%
Region 2—	30.8%
Region 3—	43.6%
Region 4—	48.1%
Region 5—	41.6%
Region 6—	29.0%
Region 7—	54.4%
Region 8—	35.1%
Region 9—	40.9%
Region 10—	38.6%

* Based on the average of preliminary rates for Fiscal Years 1994, 1997 and 1998.

The overall effect of implementing the full cost accounting methodology for Superfund indirect costs will be to increase the aggregate amount of indirect costs allocated to site-specific activities. As compared to indirect costs allocated using the current methodology, the indirect costs allocated to individual sites may increase or decrease, depending on a number of factors, and will not be known with certainty until all the rates are computed. The estimated rates provided above, however, may be used to predict generally the amount of indirect costs to be allocated to a particular site using the full cost accounting methodology.

To apply these rates to an individual site, identify the total direct site-specific costs of that site (including any DOJ costs but excluding any ATSDR costs) and multiply that total by the appropriate region's indirect cost rate. If you have total site costs including indirect costs using the current labor hours-based rates, total direct site-specific costs consists of the total site costs minus the previously-assessed indirect costs. Adding the direct site-specific costs and the indirect costs calculated under the new methodology will result in the full cost of that site.

[FR Doc. 00-13845 Filed 6-1-00; 8:45 am]
BILLING CODE 6560-50-P

FEDERAL COMMUNICATIONS COMMISSION

Public Information Collections Approved by Office of Management and Budget

May 25, 2000.

The Federal Communications Commission (FCC) has received Office of Management and Budget (OMB) approval for the following public information collections pursuant to the Paperwork Reduction Act of 1995, Public Law 104-13. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid control number. For further information contact Shoko B. Hair, Federal Communications Commission, (202) 418-1379.

Federal Communications Commission

OMB Control No.: 3060-0927.

Expiration Date: 05/31/2003.

Title: Auditor's Annual Independence and Objectivity Certification.

Form No.: N/A.

Respondents: Business or other for profit.

Estimated Annual Burden: 7 respondents; 10 hours per response (avg.). 70 total annual burden hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: \$0.

Frequency of Response: On occasion; Annually.

Description: The Responsible Accounting Officer Letter (RAO) 28, released December 1, 1999 requires that carriers' independent auditors disclose in writing all relationships between the auditor and its related entities and the carrier and its related entities that in the auditor's professional judgment may reasonably be thought to bear on independence; confirm in writing in its professional judgment it is independent of the carrier; and discuss the auditor's

independence. The information will be used to determine whether the auditors are performing their audits independently and unbiased of the carrier they audit. Obligation to respond: Mandatory.

OMB Control No.: 3060-0514.

Expiration Date: 05/31/2003.

Title: Section 43.21(b)—Holding Company Annual Report.

Form No.: N/A.

Respondents: Business or other for-profit.

Estimated Annual Burden: 20 respondents; 1 hour per response (avg.); 20 total annual burden hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: \$0.

Frequency of Response: Annually.

Description: The SEC 10K Form is needed from holding companies of communications common carriers to provide the Commission with the data required to fulfill its regulatory responsibilities and by the public in analyzing the industry. Selected information is compiled and published in the Commission's annual common carrier statistical publication. Obligation to respond: Mandatory.

OMB Control No.: 3060-0894.

Expiration Date: 05/31/2003.

Title: Certification Letter Accounting for Receipt of Federal Support, CC Docket Nos. 96-45 and 96-262.

Form No.: N/A.

Respondents: State, Local or Tribal Government.

Estimated Annual Burden: 51 respondents; 3 hours per response (avg.); 153 total annual burden hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: \$0.

Frequency of Response: On occasion; Annually.

Description: The Commission requires states to certify that carriers within the state had accounted for its receipt of federal support in its rates or otherwise used the support pursuant with Section 254(e). A state may file a supplemental certification for carriers not subject to the state's annual certification. This information will be used to show that federal high-cost support is being provided to the carrier to assist in keeping rates affordable in those subscribers' area. Further, the collection of information will be used to certify that the carriers have accounted for its receipt of federal support in its rates or otherwise used the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended in accordance with section 254(e). Obligation to respond: Required to obtain or retain benefits.

OMB Control No.: 3060-0755.

Expiration Date: 05/31/2003.

Title: 47 CFR Sections 59.1-59.4—Infrastructure Sharing.

Form No.: N/A.

Respondents: Business or other for-profit.

Estimated Annual Burden: 75 respondents; 31 hours per response (avg.); 2325 total annual burden hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: \$0.

Frequency of Response: On occasion; Third party disclosure.

Description: In CC Docket No. 96-237, the Commission implemented the infrastructure sharing provisions of the Communications Act of 1934, as amended. Section 259 requires incumbent LECs to file any arrangements showing the conditions under which they share infrastructure. See also 47 CFR Section 59.2. (No. of respondents: 75; hours per response: 15; total annual burden: 375 hours). Section 259 also requires incumbent LECs to provide information on deployments of new services and equipment to qualifying carriers. See also 47 CFR Section 59.3 (No. of respondents: 75; hours per response: 24 hours; total annual burden: 1800 hours). The Commission requires incumbent LECs to provide 60-day notices prior to terminating section 259 agreements. See 47 CFR Section 59.2. (No. of respondents: 75; hours per response: 2 hours; total annual burden: 150 hours). The information collected under the requirement that incumbent LECs file any tariffs, contracts or other arrangements for infrastructure sharing would be made available for public inspection. The information collected under the requirement that incumbent LECs provide timely information on planned deployments of new services and equipment would be provided to third parties. The information collected under the requirement that providing incumbent LECs furnish sixty days notice prior to termination of a section 259 sharing agreement would be provided to third parties to protect customers from sudden changes in services. Obligation to respond: Mandatory.

OMB Control No.: 3060-0933.

Expiration Date: 11/30/2000.

Title: Community Broadband Deployment Database Reporting Form.

Form No.: FCC Form 460.

Respondents: Not-for-profit institutions; Federal Government; State, Local or Tribal Government.

Estimated Annual Burden: 30 respondents; .25 hours per response (avg.); 7 total annual burden hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: \$0.

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Narrative Cost Summary

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

1. The United States Environmental Protection Agency has incurred at least \$3,980.69 for Regional Payroll Costs.
2. The United States Environmental Protection Agency has incurred at least \$3,327.65 for Regional Travel Costs.
3. The United States Environmental Protection Agency has incurred costs of at least \$3,087.65 for INTERAGENCY AGREEMENT (IAG) contract expenditures. The total represents the amount spent under the DEPARTMENT OF INTERIOR contract.
4. The United States Environmental Protection Agency has incurred costs of at least \$538.24 for OTHER EXPENDITURES contract expenditures. The total represents the amount spent under the JP MORGAN CHASE contract.
5. The United States Environmental Protection Agency has incurred costs of at least \$159.60 for OTHER EXPENDITURES contract expenditures. The total represents the amount spent under the JP MORGAN CHASE contract.
6. The United States Environmental Protection Agency has incurred costs of at least \$2,914.04 for REGIONAL OVERSIGHT CONTRACT (ROC) COSTS contract expenditures. The total represents the amount spent under the TECHLAW, INC. contract.
7. The United States Environmental Protection Agency has incurred costs of at least \$21,048.64 for SUPERFUND COOPERATIVE AGREEMENT (SCA) contract expenditures. The total represents the amount spent under the ADEM contract.
8. The United States Environmental Protection Agency has incurred at least \$15,880.59 for Indirect Costs.

Total Site Costs:

\$50,937.10

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Itemized Cost Summary

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

REGIONAL PAYROLL COSTS	\$3,980.69
REGIONAL TRAVEL COSTS	\$3,327.65
INTERAGENCY AGREEMENT (IAG)	
DEPARTMENT OF INTERIOR (DW14618701)	\$3,087.65
OTHER EXPENDITURES	
JP MORGAN CHASE (A9BK0000118)	\$538.24
JP MORGAN CHASE (A9BK0000121)	\$159.60
REGIONAL OVERSIGHT CONTRACT (ROC) COSTS	
TECHLAW, INC. (EPW05040)	\$2,914.04
SUPERFUND COOPERATIVE AGREEMENT (SCA)	
ADEM (V96487208)	\$21,048.64
EPA INDIRECT COSTS	\$15,880.59
Total Site Costs:	<u>\$50,937.10</u>

Certified By Financial Management Office

Regional Payroll Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
BROWN, PAMELA S.	2008	15	3.00	148.34
STATEN, PAMELA		16	8.00	395.59
FINANCIAL SPECIALIST		17	9.00	445.03
		18	1.50	74.17
		19	3.75	185.43
			<u>25.25</u>	<u>\$1,248.56</u>
JACKSON, FELICIA G.	2008	20	0.50	20.32
COST RECOVERY SPECIALIST			<u>0.50</u>	<u>\$20.32</u>
KEEFER, DAVID W.	2008	26	3.00	173.41
ENVIRONMENTAL SCIENTIST			<u>3.00</u>	<u>\$173.41</u>
PAINTER, PAULA V.	2009	03	0.25	10.51
BATCHELOR, PAULA V.			<u>0.25</u>	<u>\$10.51</u>
ENVIRONMENTAL PROTECTION SPECIALIST				
RICHARDSON, BRENITA	2008	18	0.50	24.33
ENVIRONMENTAL PROTECTION SPECIALIST			<u>0.50</u>	<u>\$24.33</u>
SPENCER, L'TONYA	2008	18	5.00	238.77
PUBLIC AFFAIRS SPECIALIST	2009	01	7.00	335.50
		02	4.00	191.72
		03	32.00	1,533.69
			<u>48.00</u>	<u>\$2,299.68</u>
STEVENS, ANGELA M.	2008	24	0.25	8.40
CERCLIS DATA SPECIALIST			<u>0.25</u>	<u>\$8.40</u>
THOMS, SHARON	2008	17	3.50	195.48

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Regional Payroll Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Hours</u>	<u>Payroll Costs</u>
LIFE SCIENTIST			3.50	\$195.48
Total Regional Payroll Costs			81.25	\$3,980.69

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Regional Travel Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

<u>Traveler/Vendor Name</u>	<u>Travel Number</u>	<u>Treasury Schedule</u>	<u>Treasury Schedule Date</u>	<u>Travel Costs</u>
KING, CHARLES L., JR.	0OVL9Y	ACHA08283	10/14/2008	939.83
ENVIRONMENTAL ENGINEER	0OZCHY	ACHA08340	12/09/2008	574.05
	0P2DF1	ACHA08353	12/22/2008	812.55
				<u>\$2,326.43</u>
SPENCER, L'TONYA	0OYZQ8	ACHA08340	12/09/2008	1,001.22
PUBLIC AFFAIRS SPECIALIST				<u>\$1,001.22</u>
				<u><u>\$3,327.65</u></u>
Total Regional Travel Costs				

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

INTERAGENCY AGREEMENT (IAG)

Federal Agency: DEPARTMENT OF INTERIOR

IAG Number: DW14618701

Project Officer(s): CHARTERS, DAVID

Dates of Service: From: 11/19/2008 To: 11/19/2008

Summary of Service:

Total Costs: \$3,087.65

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
2714 6	11/19/2008	0.00	27090272 11/25/2008	3,087.65
			Total:	<u><u>\$3,087.65</u></u>

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

OTHER EXPENDITURES

Contractor Name: JP MORGAN CHASE
EPA Contract Number: A9BK0000118
Project Officer(s): LATONYA C SPENCER
Dates of Service: From: 11/19/2008 To: 11/19/2008
Summary of Service: DAPS
Total Costs: \$538.24

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
1065377	11/19/2008	2,098.23	ACHC09006 01/08/2009	538.24
			Total:	<u><u>\$538.24</u></u>

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Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

OTHER EXPENDITURES

Contractor Name: JP MORGAN CHASE
EPA Contract Number: A9BK0000121
Project Officer(s): LATONYA C SPENCER
Dates of Service: From: 12/31/2008 To: 12/31/2008
Summary of Service: CLASSIFIED MARKETPLACE
Total Costs: \$159.60

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
1068231	12/31/2008	163,044.35	ACHC09006 01/08/2009	159.60
			Total:	<u>\$159.60</u>

Certified By Financial Management Office

Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

REGIONAL OVERSIGHT CONTRACT (ROC) COSTS

Contractor Name: TECHLAW, INC.
EPA Contract Number: EPW05040
Delivery Order Information: DO # Start Date End Date
30 10/01/2008 01/30/2009
Project Officer(s): WALKER, DARRYL
Dates of Service: From: 10/01/2008 To: 01/30/2009
Summary of Service: REGIONAL OVERSIGHT CONTRACT(REDI-SUBCLAS
Total Costs: \$2,914.04

<u>Voucher Number</u>	<u>Voucher Date</u>	<u>Voucher Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
3030-030-38	10/31/2008	7,841.46	R9634 12/15/2008	1,902.96
3030-030-39	12/15/2008	-2,871.36	R9702 01/09/2009	955.06
3030-030-40	01/15/2009	257.65	R9806 02/17/2009	7.33
3030-030-41	02/15/2009	1,657.29	R9885 03/18/2009	48.69
Total:				<u>\$2,914.04</u>

Certified By Financial Management Office

Contract Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

SUPERFUND COOPERATIVE AGREEMENT (SCA)

State Agency: ADEM
SCA Number: V96487208
Project Officer(s): Chi Williams
Dates of Service: From: 10/01/2007 To: 09/30/2009
Summary of Service:
Total Costs: \$21,048.64

<u>Drawdown Number</u>	<u>Drawdown Date</u>	<u>Drawdown Amount</u>	<u>Treasury Schedule Number and Date</u>	<u>Site Amount</u>
636000619AV	07/15/2008	50,306.97	82060130372 07/15/2008	15,474.76
636000619AV	10/16/2008	13,418.60	93020130372 10/16/2008	5,573.88
			Total:	<u><u>\$21,048.64</u></u>

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EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

<u>Fiscal Year</u>	<u>Direct Costs</u>	<u>Indirect Rate(%)</u>	<u>Indirect Costs</u>
2008	17,384.03	45.30%	7,874.96
2009	17,672.48	45.30%	8,005.63
	<u>35,056.51</u>		
Total EPA Indirect Costs			<u>\$15,880.59</u>

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EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
BROWN, PAMELA S.	2008	15	148.34	45.30%	67.20
		16	395.59	45.30%	179.20
		17	445.03	45.30%	201.60
		18	74.17	45.30%	33.60
		19	185.43	45.30%	84.00
			<u>1,248.56</u>		<u>\$565.60</u>
JACKSON, FELICIA G.	2008	20	20.32	45.30%	9.20
			<u>20.32</u>		<u>\$9.20</u>
KEEFER, DAVID W.	2008	26	173.41	45.30%	78.55
			<u>173.41</u>		<u>\$78.55</u>
RICHARDSON, BRENITA	2008	18	24.33	45.30%	11.02
			<u>24.33</u>		<u>\$11.02</u>
SPENCER, L'TONYA	2008	18	238.77	45.30%	108.16
			<u>238.77</u>		<u>\$108.16</u>
STEVENS, ANGELA M.	2008	24	8.40	45.30%	3.81
			<u>8.40</u>		<u>\$3.81</u>
THOMS, SHARON	2008	17	195.48	45.30%	88.55
			<u>195.48</u>		<u>\$88.55</u>
Total Fiscal Year 2008 Payroll Direct Costs:			<u>1,909.27</u>		<u>\$864.89</u>

Certified By Financial Management Office

EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

OTHER DIRECT COSTS

<u>Contract, IAG, SCA, Misc.NO</u>	<u>Voucher Number</u>	<u>Treasury Schedule Date</u>	<u>Site Amount</u>	<u>Annual/SMO Allocation Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
V96487208	636000619AV	07/15/2008	15,474.76	0.00	45.30%	7,010.07
			15,474.76	0.00		\$7,010.07

Total Fiscal Year 2008 Other Direct Costs:	15,474.76	0.00	\$7,010.07
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Total Fiscal Year 2008:	17,384.03	\$7,874.96
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PAYROLL DIRECT COSTS

<u>Employee Name</u>	<u>Fiscal Year</u>	<u>Pay Period</u>	<u>Payroll Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
PAINTER, PAULA V.	2009	03	10.51	45.30%	4.76
			10.51		\$4.76
SPENCER, L'TONYA	2009	01	335.50	45.30%	151.98
		02	191.72	45.30%	86.85
		03	1,533.69	45.30%	694.76
			2,060.91		\$933.59

Total Fiscal Year 2009 Payroll Direct Costs:	2,071.42	\$938.35
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TRAVEL DIRECT COSTS

<u>Traveler/Vendor Name</u>	<u>Travel Number</u>	<u>Treasury Schedule Date</u>	<u>Travel Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
KING, CHARLES L., JR.	00VL9Y	10/14/2008	939.83	45.30%	425.73
	00ZCHY	12/09/2008	574.05	45.30%	260.05

Certified By Financial Management Office

EPA Indirect Costs

CIBA GEIGY CORPORATION, MCINTOSH, AL SITE ID = 04 B1

Costs from March 28, 2008 through March 27, 2009

TRAVEL DIRECT COSTS

<u>Traveler/Vendor Name</u>	<u>Travel Number</u>	<u>Treasury Schedule Date</u>	<u>Travel Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
KING, CHARLES L., JR.	0P2DF1	12/22/2008	812.55	45.30%	368.09
			2,326.43		\$1,053.87
SPENCER, L'TONYA	0OYZQ8	12/09/2008	1,001.22	45.30%	453.56
			1,001.22		\$453.56
Total Fiscal Year 2009 Travel Direct Costs:			3,327.65		\$1,507.43

OTHER DIRECT COSTS

<u>Contract, IAG, SCA, Misc.NO</u>	<u>Voucher Number</u>	<u>Treasury Schedule Date</u>	<u>Site Amount</u>	<u>Annual/SMO Allocation Costs</u>	<u>Ind. Rate (%)</u>	<u>Indirect Costs</u>
A9BK0000118	1065377	01/08/2009	538.24	0.00	45.30%	243.82
			538.24	0.00		\$243.82
A9BK0000121	1068231	01/08/2009	159.60	0.00	45.30%	72.30
			159.60	0.00		\$72.30
DW14618701	2714 6	11/25/2008	227.69	0.00	45.30%	103.14
			2,859.96	0.00	45.30%	1,295.56
			3,087.65	0.00		\$1,398.70
EPW05040	3030-030-38	12/15/2008	1,902.96	0.00	45.30%	862.04
	3030-030-39	01/09/2009	955.06	0.00	45.30%	432.64
	3030-030-40	02/17/2009	7.33	0.00	45.30%	3.32
	3030-030-41	03/18/2009	48.69	0.00	45.30%	22.06
			2,914.04	0.00		\$1,320.06

EPA Indirect Costs

Costs from March 28, 2008 through March 27, 2009

Contract, IAG, SCA, Misc.NO	Voucher Number	Treasury Schedule Date	Site Amount	Annual/SMO Allocation Costs	Ind. Rate (%)	Indirect Costs
V96487208	636000619AV	10/16/2008	5,573.88	0.00	45.30%	2,524.97
			5,573.88	0.00		\$2,524.97
Total Fiscal Year 2009 Other Direct Costs:			12,273.41	0.00		\$5,559.85
Total Fiscal Year 2009:			17,672.48			\$8,005.63
Total EPA Indirect Costs						\$15,880.59

comments should be received in the SAB Staff Office at least one week prior to the meeting date so that the comments may be made available to the committee for their consideration. Comments should be supplied to the appropriate DFO at the address/contact information noted above in the following formats: one hard copy with original signature, and one electronic copy via e-mail (acceptable file format: WordPerfect, Word, or Rich Text files (in IBM-PC/Windows 95/98 format). Those providing written comments and who attend the meeting are also asked to bring 35 copies of their comments for public distribution.

Meeting Access

Individuals requiring special accommodation at this meeting, including wheelchair access to the conference room, should contact the DFO at least five business days prior to the meeting so that appropriate arrangements can be made.

Dated: May 26, 2000.

Donald G. Barnes,
Staff Director, Science Advisory Board.
[FR Doc. 00-13847 Filed 6-1-00; 8:45 am]
BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-6708-8]

Guidance on Exercising CERCLA Enforcement Discretion in Anticipation of Full Cost Accounting Consistent With the "Statement of Federal Financial Accounting Standards No. 4"

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The EPA Office of Enforcement and Compliance Assurance, Office of Site Remediation Enforcement is providing guidance to its regional components on the exercise of enforcement discretion, from May 30, 2000 through October 2, 2000, in anticipation of EPA's implementation of full cost accounting.

Attachments 1 and 2 were prepared by the Office of the Chief Financial Officer. They describe the reasons for full cost accounting and the methodology being used to implement full cost accounting.

EFFECTIVE DATE: May 30, 2000.

FOR FURTHER INFORMATION CONTACT: Chad Littleton, Office of Enforcement and Compliance Assurance, Office of Site Remediation Enforcement, U.S. EPA, 1200 Pennsylvania Ave., NW,

Washington, DC 20460 (MC 2273A); e-mail: littleton.chad@epa.gov; phone: (202) 564-6064.

SUPPLEMENTARY INFORMATION:

Memorandum

Subject: Guidance on Exercising CERCLA Enforcement Discretion in Anticipation of Full Cost Accounting Consistent with the *Statement of Federal Financial Accounting Standards No. 4*
From: Steven A. Herman, Assistant Administrator, Office of Enforcement and Compliance Assurance

To: Regional Administrators, Regions I-X
Deputy Regional Administrators, Regions I-X
Regional Counsel, Regions I-X
Superfund Division Directors, Region I-X

This memorandum provides guidance to EPA personnel on how to exercise enforcement discretion as it relates to upcoming changes in EPA's indirect cost accounting methodology.

A. Upcoming Revisions to Indirect Cost Accounting

EPA's Office of the Chief Financial Officer (OCFO) recently announced that it is revising the Agency's methodology for allocating indirect costs to Superfund sites. These steps will bring Superfund into compliance with cost accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) on July 31, 1995, (*Statement of Federal Financial Accounting Standards No. 4* (SFFAS No. 4)).¹ The principal goal of those standards is to make it possible for Federal agencies to determine and report the true costs of their programs and activities. The Federal Financial Management Improvement Act of 1996 (Title VIII, Public Law 104-208)² requires all Federal agencies to develop and use cost accounting methodologies that are consistent with the SFFAS No. 4 and other applicable standards.³

¹ Available as SFFAS 4 at www.financenet.gov/financenet/fed/fasab/concepts.htm.

² Available from the 104th Congress catalog at www.access.gpo.gov/nara/publaw/104publ.html.

³ "(5) To rebuild the accountability and credibility of the Federal Government, and restore public confidence in the Federal Government, agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

(6) Since its establishment in October 1990, the Federal Accounting Standards Advisory Board

A copy of the OCFO memorandum announcing and describing EPA's implementation of an accounting methodology complying with the SFFAS No. 4 is attached for your reference (Attachment 1). That memorandum describes important background events and EPA's approach to implementing the revised methodology, defines many important accounting terms as they apply to EPA, lists preliminary estimated regional indirect rates based on the revised methodology, and states that OCFO will calculate actual indirect costs rates using the revised methodology (hereinafter "revised rates" or "revised indirect rates") for all fiscal years after 1989. The OCFO expects the revised rates to be completed and issued by October 2, 2000, at which time EPA will begin using the revised rates.

B. The Revised Rates and Superfund Site Costs

As described more fully in the attached OCFO memorandum, direct costs are costs an organization incurs when it produces a specific result. Most of the other costs of running the organization are indirect costs. EPA's current indirect cost accounting methodology allocates to Superfund sites only about one-third of the indirect costs that are incurred by EPA and properly allocable to sites. SFFAS No. 4 requires "full cost accounting," which means that Superfund indirect costs must be allocated to sites. For that reason, implementing an indirect cost methodology based on SFFAS No. 4 will increase the aggregate amount of indirect costs allocated to sites.

The effect of applying the revised rates will vary from site to site because the SFFAS-compliant methodology and the current methodology use different techniques for allocating indirect costs to individual sites. The SFFAS-compliant methodology allocates

(hereinafter referred to as the "FASAB") has made substantial progress toward developing and recommending a comprehensive set of accounting concepts and standards for the Federal Government. When the accounting concepts and standards developed by FASAB are incorporated into Federal financial management systems, agencies will be able to provide cost and financial information that will assist the Congress and financial managers to evaluate the cost and performance of Federal programs and activities, and will therefore provide important information that has been lacking, but is needed for improved decision making by financial managers and the Congress." (*Public Law 104-208*, 110 STAT 3009-389-390).

"Each agency shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level." (*Id.*)

indirect costs in proportion to direct costs, whereas the current methodology uses the number of Superfund staff hours charged to a site. As a result, sites with large direct Federal expenditures compared to the number of Superfund staff hours will generally see the largest indirect cost increases, and few if any decreases. Sites with smaller Federal expenditures compared to the number of Superfund staff hours, such as sites cleaned up by potentially responsible parties (PRPs) where EPA's costs are largely for oversight performed by EPA staff, will generally see smaller indirect cost increases, and are also more likely to see decreases.

C. Enforcement Discretion as It Relates to the Revised Indirect Rates

As noted above, the OCFO expects the revised rates to be available on October 2, 2000, and will begin using them as soon as they are issued. In general this means that after October 2, 2000, site costs, including oversight costs, will be calculated using the revised rates. The following sections address areas of particular enforcement interest and describe how the Agency intends to exercise its enforcement discretion in individual cases to provide a fair and efficient transition to the revised accounting methodology.

1. Concluded Matters

EPA has previously settled or litigated numerous claims for past response costs. The costs EPA sought in those cases included indirect costs based on the current rates. EPA recognizes the importance of repose and finality in those cases and therefore the Agency has no plans to re-open any concluded matters to apply the revised rates to claims for past costs that were presented and resolved in those matters. This includes consent decrees, litigated judgments and administrative orders on consent. It also includes ceilings established in settlements and judgments for oversight or other response costs that the Agency can bill to PRPs under those existing settlements or judgments.

2. Oversight Billings

The Agency has no plans to recompute oversight bills that were prepared and sent to PRPs before the revised rates are issued.

3. Claims in Litigation Prior to October 2, 2000

When EPA issues the revised indirect rates there will be a number of cost recovery cases pending in Federal courts. The past costs EPA is seeking in those cases will have been calculated

using the current indirect rates. There may be special circumstances in those cases, especially if the litigation is at an advanced stage, that cause the case team to decide not to seek to amend the claim by applying the revised indirect rates. An example might be certain cases in which costs have already been presented to the court and the parties are awaiting the court's decision. These decisions will be made by the EPA/Department of Justice (DOJ) case team on a case-by-case basis. This approach is intended to be consistent with prior practice (See, Policy on Recovering Indirect Costs in CERCLA Section 107 Cost Recovery Actions, OSWER Directive 9832.5, June 27, 1986) (superseded by this guidance).

4. Interim Settlement Policy in Anticipation of the Revised Rates

This memorandum gives advance notice of the revised rates. One purpose of the advance notice is to provide PRPs who have unresolved cost recovery liabilities an opportunity to settle with the United States at the current rates. For sites where the revised rates would result in higher indirect costs, it may be advantageous for the PRPs to settle with the United States under the current rates. Therefore, until the revised rates are issued, which the OCFO expects to occur on October 2, 2000, the Agency will entertain settlement offers resolving the claims of the United States for CERCLA response costs based on the current indirect rates.

Generally, the Agency will consider a settlement offer based on site costs computed using the current indirect cost rates, if: (1) The offer is made prior to October 1, 2000; (2) the Agency determines, in its sole discretion, that there is sufficient information available on which to base a settlement decision; and (3) it appears to the Agency that the offer is likely to lead to an executed final settlement by March 30, 2001. For cases in litigation or that have been referred to DOJ, the DOJ/EPA case teams will determine the appropriate response to any settlement offer. For all other matters, regional case teams will determine the appropriate response to any settlement offer. Case teams may set alternative milestone dates for any individual PRP or site, if appropriate, based on PRP-specific or site-specific circumstances after consultation with the Regional Support Division (RSD) in the Office of Site Remediation Enforcement (OSRE).

After such an offer has been received, if settlement negotiations are unproductive or it becomes evident that the applicable milestone dates have not been met, or are not likely to be met, the

Agency may, at its sole discretion, withdraw the opportunity to enter a settlement based on the current rates.

D. Proving Indirect Costs

Implementing the SFFAS accounting methodology will not alter the burden of proof that the Agency must meet when seeking recovery of indirect costs. EPA will continue to provide evidence acceptable in a court of law to prove that the indirect costs sought are allocable to the site that is the subject of the enforcement action.

E. National Consistency/Coordination

Except for the specific transition related adjustments noted above, existing policy and guidance applicable to considering or accepting settlement offers is unchanged. Implementing the revised indirect rates will not affect the discretion of the Agency or DOJ to settle or compromise cost recovery claims, including those cases where costs are based on the revised rates. Litigation risk, equitable considerations, and other factors that are considered in determining whether to settle or compromise claims may still be taken into account. As always, EPA will exercise its discretion to ensure that any resulting settlements are fair, reasonable, and consistent with CERCLA.

When EPA begins using the revised rates, we expect that the Agency will face questions about matters associated with the transition to the revised rates. EPA has a substantial interest in promoting a nationally consistent approach during this transition period. Therefore, I have asked the RSD to monitor EPA's implementation of the revised indirect rates. I also ask each regional office to designate a point of contact to assist RSD in our effort to quickly resolve key questions about EPA's use of the revised rates, and to promote national consistency among the regional offices. Please send the name and telephone number of your workgroup member to Maria Cintron-Silva, RSD, no later than three weeks after the date of this memorandum. Workgroup contacts will be expected to provide information regarding each of the offers received and their dispositions. For questions about this memorandum and OECA's implementation of the revised rates, please contact Chad Littleton, in the Office of Site Remediation Enforcement, at 202-564-6064.

Attachments:

Dated: May 26, 2000.

Steven A. Herman,
Assistant Administrator, Office of
Enforcement and Compliance Assurance.

Memorandum

Subject: Accounting for Indirect Costs
Associated with Superfund Site-
Specific Activities

From: Joseph Dillon, Acting Comptroller,
(2731)

To: Senior Resource Officials

This Policy Announcement provides the policies and procedures for implementing Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Standards for the Federal Government, for the Superfund Site Cleanup Program by providing a revised indirect cost methodology. This methodology along with existing policies and procedures regarding direct costs results in accounting for the "full costs" of actions taken at or in connection with Superfund Sites.

Background

The Office of Management and Budget (OMB) issued SFFAS No. 4 on July 31, 1995, with an effective date of October 1, 1997. SFFAS No. 4 requires federal agencies to determine the full cost of their outputs (programs). The full cost of programs includes both those costs specifically identifiable with each particular program, or direct costs, and those costs which collectively support the many programs, or indirect costs.

Since 1985, EPA has been identifying the indirect costs associated with Superfund site-specific activities for all fiscal years after 1982. However, the indirect cost methodology developed at that time was conservative and did not result in allocating all indirect costs to sites. As a result, the General Accounting Office, the EPA Office of Inspector General, OMB and Congress have repeatedly criticized EPA's methodology. The Office of the Chief Financial Officer (OCFO) has developed an indirect cost methodology to compute indirect cost rates for Superfund site-specific activities in accordance with SFFAS No. 4. By incorporating the resulting indirect cost rates into their analyses, Superfund Managers will be able to compute the full cost of their program.

Policy and Procedures

The OCFO has developed a Superfund indirect cost methodology based upon full cost accounting concepts. Using that new methodology, OCFO is presently calculating and will

issue indirect cost rates based upon the full cost accounting methodology ("revised rates"). The OCFO will issue revised rates for each Fiscal Year, by Region beginning with FY 1990. The revised rates will be issued after the date of this Policy Announcement and are expected to be completed and issued by October 2, 2000. Once the revised rates are issued, Superfund managers should use the revised rates to determine the full cost of Superfund site specific activities. In the meantime, EPA Superfund program managers may use the preliminary, estimated indirect cost rates identified in Attachment 1 as the basis for estimating the full cost of Superfund site-specific activities.

Beginning with FY 2001, the Agency will no longer compute nor issue, as provisional or final, indirect cost rates based upon the earlier Ernst & Whinney methodology.

A brief description of the full cost methodology is as follows: EPA's annual costs are analyzed to determine whether the costs represent general Agency or Regional support activities, program support activities, or program direct costs. Those general Agency support activities and the Superfund program support activities are included in calculations that allocate these costs to programs and produce a Superfund indirect cost pool for each region. Each Region's indirect cost pool, including appropriate Regional support costs, is divided by the Region's direct costs incurred for site-specific activities to determine the Region's indirect cost rate for the fiscal year, which is expressed as a percentage of direct site costs. The Region's indirect cost rate is multiplied against the direct costs incurred for a particular Superfund site to determine the amount of indirect costs that will be allocated to that site. By adding the direct site costs and the indirect costs allocated to a particular site, or group of sites, the total cost for that site or group of sites is determined.

For a more detailed description of the Superfund Indirect Cost Rate Methodology, please refer to Attachment 1.

Effective Date

OCFO expects to complete and issue the new Superfund Full Indirect Cost Rates by October 2, 2000, at which time they will be effective for all accounting purposes.

Additional Information

If you need further information on this Policy Announcement, please contact Charles Young of the Program and Cost Accounting Branch, Financial

Management Division at (202) 564-4914.

Attachment 2**Superfund Full Cost Indirect Cost Rate Methodology****Background**

OMB, the Secretary of the Treasury and the Comptroller General established the Federal Accounting Standards Advisory Board (FASAB) in October 1990 to set Federal Government Accounting Standards. In September 1993, the Vice President in his report on the National Performance Review recommended an action which required the FASAB to issue a set of cost accounting standards for all federal agencies. FASAB issued the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government on July 31, 1995, which became effective for EPA on October 1, 1997. Title VIII of the Federal Financial Management Improvement Act of 1996 (Title VIII, Public Law 104-208) requires federal agencies to comply with the Federal Financial Accounting Standards and emphasizes that agencies' systems must report the total costs of programs and activities. EPA will comply with this requirement for all the Agency's programs, based on specific needs of each program and applicable accounting requirements. The methodology described in this Policy Announcement applies to EPA's Superfund site-specific activities as set forth below.

SFFAS No. 4 sets forth five fundamental elements of managerial cost accounting to provide information on the cost of federal programs. One of those elements is to determine the full cost of government goods and services. According to the Standard, full cost includes both direct and indirect costs. Direct costs are defined as "costs that can be specifically identified with an output." Indirect costs are costs that are common to multiple outputs but cannot be specifically identified with any particular output. In the context of the Superfund program, direct costs include those that are directly incurred by the United States for site-specific activities performed at or in connection with a particular site or a particular group of sites. Site-specific activities include the assessment, investigation and clean-up of a site, ancillary site-associated activities, and related enforcement actions. Indirect costs are those that support the Superfund program as a whole and cannot be identified to any one site or other "output" of the

program. The government's full cost at a Superfund site consists of the direct costs incurred for site-specific activities and the proportionate share of all the costs that provide indirect support to the site.

In 1985, EPA, with the assistance of the accounting firm Ernst & Whinney, developed an indirect rate methodology for determining the government's cost of site-specific activities under CERCLA. The indirect rates developed were conservative. As a result of the conservative methodology, a substantial portion of the indirect cost pool was not allocated to individual Superfund sites, even though site-specific activities are the direct output that the indirect costs support. As a result, the General Accounting Office (GAO), the EPA Office of Inspector General (OIG), OMB, and Congress have repeatedly criticized the methodology for failing to identify the full cost of Superfund site clean-ups and therefore failing to allow potential recovery of all indirect costs. The OIG considered this method of recovering less than full overhead costs as a Federal Manager Financial Integrity Act (FMFIA) "material weakness" and suggested the Agency identify it as such.

EPA has revised the Superfund indirect cost methodology to enable the Agency to report the full cost of the program in compliance with SFFAS No. 4 and with other federal mandates requiring the reporting of cost information. During the preparation of the revised methodology, EPA sought separate independent reviews of the methodology by both GAO and the national accounting firm KPMG. KPMG found the revised methodology in compliance with SFFAS No. 4, as well as "easier to understand, more thorough and more complete than the previous methodology." GAO reviewed the revised methodology and found "that the design of EPA's proposed Superfund indirect cost methodology complies with cost accounting standards for federal government" as well as the requirements of SFFAS No. 4.

Approach

EPA's approach to developing a full cost indirect cost methodology for Superfund is based on the guidance provided by SFFAS No. 4. In addition, certain other factors are also taken into account. These include the nature and classification of Agency costs, private sector cost accounting practices and the cost/benefit of obtaining the data necessary to compute indirect cost rates. Indirect cost rates will be developed for each region and each Fiscal Year beginning with FY 1990. We are beginning with FY 1990 because active

Superfund sites have costs incurred in prior years generally no earlier than FY 1990, with limited exceptions. Thus, computing full cost indirect rates back to FY 1990 will allow Superfund managers to determine the full cost of site-specific activities for nearly all active sites, while going back before FY 1990 would be of primarily historic interest. Therefore, we consider it most cost effective to compute rates no further back than 1990; if managers need indirect cost information for years prior to 1990, the rates computed using the current methodology may be used for those earlier years. Use of the revised indirect cost rates will provide Superfund managers, other EPA management and Congress with the full cost of Superfund site-specific activities.

The current Superfund indirect cost methodology uses indirect rates which are expressed as a rate per hour of labor effort. This rate is computed using a base consisting of all labor hours (including both site and non-site labor), but is applied to only site labor hours. This results in an under-allocation of indirect costs. This approach, although acceptable from an accounting standpoint, is conservative in its allocation of indirect costs to individual sites and led to the criticisms noted above. The principal conceptual change the Agency will make as it moves to full cost accounting in compliance with SFFAS No. 4 with respect to Superfund site-specific activities, is to ensure that indirect costs that support site clean-up are fully allocated to site charges. In order to do so, EPA will allocate the appropriate indirect cost pool using total direct site costs as an allocation base. This will result in indirect cost rates expressed as a percentage of total direct site costs rather than a dollar rate per hour as is the current method. The change in the allocation base is the most important difference between the full cost accounting methodology and the prior methodology, with only minor changes to the indirect cost pool (further described below). The indirect cost pool identified for calculation of the new indirect cost rate will reflect only those costs which are appropriately allocable to and support the Superfund site-specific activities.

In determining the indirect costs associated with the Superfund program, certain costs funded from non-Superfund appropriations are included as indirect costs because they provide services that benefit the Superfund program and are necessary to reflect full cost. SFFAS No. 4 states that one of the components of full cost is the "cost of support services provided by other responsibility segments * * * and by

other reporting entities." We include other appropriations because our approach determines the allocability of indirect costs according to the organizational unit that provides the support services regardless of which appropriation has been charged with the costs. We begin with the total costs of organizational units and then allocate these costs to all units receiving support services.

Not all appropriations, however, are included as indirect costs. For example, charges under the Oil Spill appropriation are not included. Oil Spill disbursements support only the Oil Spill program and should not be allocated to other programs. State and Tribal Assistance Grants appropriations are also excluded. These are grants to states, local and tribal governments which fund a variety of environmental programs and infrastructure projects pertaining to water quality initiatives. Funding under the Science and Technology appropriation is excluded. These funds support research and development initiatives. The treatment of research and development costs is discussed under the section on direct costs. The programs funded by the appropriations listed above are considered to be separate from Superfund and have their own outputs. These appropriations do not include any indirect costs that are allocable to the Superfund program.

As explained below under Exclusions from the Pool, costs associated with certain organizational units are also removed from the indirect cost pool depending on their relationship to the Superfund program.

The concept of full cost, according to the Standard, also requires that inter-entity costs or the costs of services received from other entities be recognized. Costs of employee benefits funded by the Office of Personnel Management (OPM) are considered inter-entity costs and will be included as indirect costs. Because methodologies to estimate the costs of services received from federal agencies other than OPM are still under development, these costs are not included in the indirect cost pool at this time.

The methodology for determining indirect costs allocable to Superfund site-specific activities is patterned after private sector models that group costs according to levels of organization and benefit. Indirect costs are classified hierarchically. At the highest level are Agency-wide costs, i.e., national costs which benefit all organizations. Examples of these are facilities management, budget functions, human resource management, and OPM inter-

entity costs. The next level incorporates regional costs which benefit each of the Agency's ten regions. These are general costs which are essentially counterparts of national costs but benefit regions only. Examples include the costs of regional administration, support, and policy and planning functions. Superfund program management costs comprise the next two levels. These are the support costs incurred at both headquarters and regions to implement Superfund site-specific activities. Costs from each of these four levels form the basis of the indirect cost pool. The final product—separate indirect cost rates for each of EPA's ten regions—will be expressed as a percentage of direct (site-specific) costs for each region.

Direct Costs

In determining the direct costs of the Superfund program, we use SFFAS No. 4's definition of direct costs. However, the direct costs of the Superfund program as a whole, are not necessarily synonymous with the direct costs of Superfund site-specific activities. Superfund site-specific activity is one component of the Superfund program.

Site-Specific Costs

The major component of Superfund direct costs is the costs of site-specific activities, i.e. the cost of all activities that go toward the assessment, investigation and actual clean up of a site, related enforcement actions, and other site-associated activities. Examples include, but are not limited to, the costs of salaries and benefits of employees who work directly at the site or provide other site-related effort, contractor costs of removal or remedial activities, and analytical work performed for the site.

Certain other Superfund-related costs are also considered direct costs, although they may or may not be associated with site-specific activities. These costs are described in the next several paragraphs.

ZZ Costs

"ZZ" costs are expenses incurred for site work before a site is established as a Superfund site and assigned a site-specific identifier. If a site-specific identifier is established, the ZZ costs incurred in connection with the site are reclassified to that site-specific identifier. If reclassified, they become part of direct site-specific costs, but for purposes of the indirect rate calculation, ZZ costs are classified as direct costs even if not reclassified.

R&D Costs

Research and Development (R&D) costs are treated as direct costs. All costs incurred within the Office of Research and Development, a separate and distinct organizational unit within the Agency, are excluded from the indirect cost pool. Research and Development costs are considered to be directly incurred for production of R&D outputs. Superfund-related research and development costs are mainly related to the Superfund Innovative Technology (SITE) program. This program evaluates the application of emerging remediation technologies.

NIEHS Costs

Costs associated with the National Institute of Environmental Health Sciences (NIEHS)' interagency agreement (IAG) are treated as direct costs. This indirect cost methodology is designed to determine the indirect costs that support Superfund site-specific activities. Therefore NIEHS costs are excluded in their entirety from the indirect cost pool.

OSWER Immediate Office Program Area Costs

Costs associated with certain offices within the Office of Solid Waste and Emergency Response (OSWER) Immediate Office are treated as direct costs. Although these costs are related to the Superfund program and are direct costs of the functions they perform, they are not allocable to Superfund site-specific activities and so are not included in the indirect cost pool for site-specific response costs. For example, the Chemical Emergency Preparedness and Prevention Office (CEPPO), which reports directly to the OSWER Assistant Administrator, implements Agency-wide chemical emergency preparedness and prevention programs. The costs connected with Federal Facilities activities, whether within OSWER or OECA, as well as the costs of activities associated with Brownfields and the Emergency Planning and Community Right-to-know Act, are also considered direct and thus excluded from the indirect cost pool.

Indirect Cost Pool

The indirect cost pool consists of all costs classified as indirect for all appropriations that fund administrative, management and support functions. The pool includes Superfund non-site-specific costs that provide support to Superfund site-specific activities and the other direct Superfund activities. The indirect cost pool includes the non-site portion of: Personnel compensation and benefits, travel, rent,

communications, utilities, contracted services, materials and supplies costs. Depreciation and inter-entity costs are also included. The major organizational units contributing costs to the indirect cost pool are described below.

EPA headquarters organizations providing services on an Agency-wide or national basis include the Office of the Administrator, the Office of Administration and Resources Management (human resources, procurement, facilities), the Office of the Chief Financial Officer (Comptroller, budget, finance), the Office of Information Resources Management, the Office of Policy, Planning and Evaluation, the Office of the Inspector General and the Office of General Counsel. The ten EPA regional offices have corporate structures similar in function to those of headquarters. Each region has a regional administrator's office and offices providing general regional support services such as personnel, finance, policy and information management. Costs for these organizations comprise regional indirect costs.

Management and support costs associated with carrying out the Superfund program are another component of the indirect cost pool. These costs are incurred at both headquarters and the regions. At the headquarters level, these are the program management and support costs incurred by the Office of Solid Waste and Emergency Response (OSWER) and by the Office of Enforcement and Compliance Assurance (OECA). At the regional level, Superfund program management costs incurred by regional program divisions in support of Superfund site-specific activities are included in the indirect cost pool. Any of the offices noted above may also have Superfund site-specific charges. Those site-specific charges are subtracted from the total cost of the organization during the indirect cost computation.

The Superfund indirect cost pool, that is, the pool of indirect costs which is ultimately allocable to Superfund sites, will consist of proportionate amounts of Agency-wide, regional and program-related costs. In other words, the Superfund indirect cost pool will be comprised of only the portion of Agency-wide, regional and program-related costs which supports Superfund sites, with the remaining costs supporting all other Agency programs.

Exclusions From the Pool

Superfund non-site specific contractor costs, such as program management, that are distributed through the annual allocation process are excluded from the

indirect cost pool. Annual allocation is the process by which response action contractor non-site support costs are allocated to sites on which the contractor worked. The site-allocable portion of these contracts is removed from the pool because it is allocated to individual sites under a separate process and is treated as a portion of direct site-specific costs incurred by EPA.

Costs of organizational units that provide no direct or indirect support to Superfund are excluded. Examples include the Office of International Activities and certain organizations within the Office of the Administrator, such as the Science Advisory Board and the Office of Administrative Law Judges.

Indirect Cost Base

To properly distribute costs, the indirect cost base must reflect the services provided to each organizational recipient and finally, to the Superfund sites themselves. There are several intermediate allocations of costs, as described below, which use appropriate allocation bases. The choice of allocation base depends on the type of cost to be allocated.

Agency-wide or national indirect costs, also referred to as general and administrative (G&A) costs, are allocated using one of two allocation bases. Facilities, human resources and OPM inter-entity costs are allocated to all EPA organizations based on personnel compensation and benefits (PC&B) costs. The rationale for using PC&B costs as the allocation statistic is that these indirect costs are purely workforce-related and would not otherwise be incurred. Costs associated with other organizations providing Agency-wide benefits, such as procurement, budget, finance, information management, policy, planning, general counsel and inspector general, are distributed across the entire Agency based on total Agency costs. Depreciation will be allocated to all EPA organizations using appropriate cost accounting principles. We are in the process of gathering these costs and determining the appropriate allocation base. Depreciation costs will be incorporated into the rates as soon as possible.

The next level of indirect costs is regional costs which provide general and administrative support similar to that provided at the Agency-wide level. Regional G&A cost pools, including each region's share of national G&A, personnel and facilities costs, depreciation and inter-entity costs are distributed across the entire region based on total regional costs. This is

similar to the distribution of Agency-wide support costs across total Agency costs.

Headquarters program management and support costs incurred by OSWER and OECA must be allocated to program areas within each office of an EPA Assistant Administrator and to the regions. Program areas are designated by sub-organization or by funding vehicle such as interagency agreements which fund a particular type of activity. The allocation of headquarters program management and support costs is based on the total costs associated with each program area and region. The headquarters allocation base includes administrative and program costs from appropriations other than Superfund and Superfund site-specific and non-site-specific costs. The regional allocation base consists of regional site charges made within each office of an EPA Assistant Administrator.

The final Superfund indirect cost pool is allocated using Superfund site charges. These site charges include both headquarters and regional site charges, ZZ charges, site charges made under the Department of Justice (DOJ), Corps of Engineers, Bureau of Reclamation, etc., interagency agreements and the Superfund response contract program management costs that are allocated to sites in a separate process. EPA charges arising from mixed funding settlements are direct site costs and are also included in the indirect cost base. The charges for the Agency for Toxic Substances and Disease Registry (ATSDR) are not included in the indirect cost base because their funding mechanism—a "transfer allocation"—does not result in a charge to EPA's accounting system. Again, instead of a rate per hour as in the current methodology, the indirect cost rate will be expressed as a percentage of direct (site) costs.

Computation of Indirect Cost Rates

Data used for the indirect cost computations are obtained from the Agency's Integrated Financial Management System.

The indirect cost pool supporting Superfund site-specific activities in each region for a given fiscal year consists of proportionate shares of the following: program management and support costs incurred by relevant units of EPA headquarters (including their share of nationwide G&A); the region's G&A; and the region's non-site Superfund costs.

The computation of the indirect cost rates consists of nine steps. A detailed document more fully describing the accounting methodology employed will

be released with the calculated rates by region by fiscal year. That document will contain a detailed description of each of the nine steps. Briefly, steps 1 and 2 compute the nationwide G&A rate and step 3 computes the regional G&A rates. Steps 4 through 9 perform various allocations and refinements of costs ensuring that the regional Superfund cost pools, which are summarized in step 9, reflect only costs by region associated with Superfund site-specific activities.

Estimated Indirect Rates by Region

As noted above, the revised indirect cost rate methodology will for the first time provide information on the full costs of the outputs of Superfund site-specific activities. The process of computing rates using the full cost methodology is ongoing. As noted above, the revised rates by region by fiscal year will not be issued for several months. In the meantime, we are providing an approximation of the rates that can be used as a means to estimate the full cost of Superfund site-specific activities. These rates are based on the average of preliminary computed rates for fiscal years 1994, 1997 and 1998. It should be noted that rates for any given region may vary considerably from year to year; therefore, the final calculated rates may differ from the estimated average rates listed below.

*Estimated Rates**

(Subject to Change)

Region 1	—30.0%
Region 2	—30.8%
Region 3	—43.6%
Region 4	—48.1%
Region 5	—41.6%
Region 6	—29.0%
Region 7	—34.4%
Region 8	—35.1%
Region 9	—40.9%
Region 10	—38.6%

* Based on the average of preliminary rates for Fiscal Years 1994, 1997 and 1998.

The overall effect of implementing the full cost accounting methodology for Superfund indirect costs will be to increase the aggregate amount of indirect costs allocated to site-specific activities. As compared to indirect costs allocated using the current methodology, the indirect costs allocated to individual sites may increase or decrease, depending on a number of factors, and will not be known with certainty until all the rates are computed. The estimated rates provided above, however, may be used to predict generally the amount of indirect costs to be allocated to a particular site using the full cost accounting methodology.

